

Message Text

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PAGE 01 ABU DH 02111 190430Z

ACTION NEA-10

INFO OCT-01 AF-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03

SP-02 LAB-04 EPG-02 SIL-01 OMB-01 DODE-00 PM-05

H-01 L-03 NSC-05 PA-01 PRS-01 SS-15 IO-13 /108 W

-----109305 190449Z /16

R 181215Z JUL 77

FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC 6400

INFO AMEMBASSY ALGIERS

AMEMBASSY AMMAN

USINT BAGHDAD

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY MOGADISCIO

AMEMBASSY MUSCAT

AMEMBASSY NOUAKCHOTT

AMEMBASSY SANA

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS 131

USTREASURY WASHDC

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DEPT PLEASE PASS BAGHDAD

E.O. 11652

TAGS: EFIN

SUBJ: MEETING WITH ARAB MONETARY FUND DIRECTOR

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PAGE 02 ABU DH 02111 190430Z

REF: (A) ABU DHABI 1175, (B) A-26

1. ON JULY 18, AMBASSADOR AND EMBASSY ECONOFF MET

WITH ARAB MONETARY FUND MANAGING DIRECTOR JAWAD HASHIM

TO DISCUSS AMF'S OPERATIONS AND FUTURE ACTIVITIES.

HASHIM, WHO HOLDS DEGREE FROM LONDON SCHOOL OF ECO-

NOMICS, WAS IRAQI PLANNING MINISTER FOR NUMBER OF YEARS BEFORE TAKING ON THIS POSITION.

2. HASHIM SAID AMF ONLY BEGINNING TO GET ORGANIZED. HE IS SIFTING THROUGH A LARGE NUMBER OF APPLICATIONS BUT IS SELECTING CAREFULLY. HE EXPECTS AMF WILL EVENTUALLY HAVE A PROFESSIONAL STAFF OF ABOUT 50. HE HOPES TO RECRUIT PRIMARILY ARABS WHO HAVE HAD INTERNATIONAL BANKING EXPERIENCE, BUT RECOGNIZES THE DIFFICULTIES IN RECRUITMENT. TO HIM, ABU DHABI IS LESS THAN IDEAL PLACE FOR ARAB MONETARY FUND BECAUSE RENTS ARE ABOMINABLY HIGH, LOCAL STAFF FOR MENIAL WORK IS NON-EXISTENT, OFFICE SPACE IS LIMITED, AND WEATHER CONDITIONS REQUIRE EMPLOYEES TO HAVE EXTENDED LEAVE.

3. HE ADMITS, HOWEVER, THAT CHOICE OF ABU DHABI WAS A COMPROMISE AS RESULT OF POLITICAL DIVISIONS WITHIN ARAB WORLD. BOTH MOROCCO AND IRAQ WANTED TO BE IMF'S HEADQUARTERS. IRAQI GOVERNMENT SUBSEQUENTLY AGREED TO HAVE HEADQUARTERS IN MOROCCO; AMF MANAGING DIRECTOR WAS AN IRAQI. HOWEVER, ALGERIA OPPOSED HAVING AMF IN RABAT BECAUSE OF SAHARA DISPUTE SO ACCEPTED UAE OFFER TO BE HEADQUARTERS.

4. HASHIM INTENDS TO GIVE HIS PERMANENT STAFF LIMITED OFFICIAL USE

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PAGE 03 ABU DH 02111 190430Z

TENURE ONLY AFTER A YEAR'S PROBATION. MEANWHILE, HE HOPES TO ATTRACT SECONDMENTS FROM OTHER INTERNATIONAL INSTITUTIONS, NOT ARAB GOVERNMENTS, BECAUSE THEY ARE BETTER AND SUBJECT TO A DEGREE OF CIVIL SERVICE DISCIPLINE. HASHIM SAID HE HAS CONSULTED JOSEPH CARROLL OF BOOZ, ALLEN AND HAMILTON ON ADMINISTRATION OF THE FUND, AND HE EXPECTS THE ARRIVAL SHORTLY OF WILLIAM HUBBARD OF THE IMF TO ADVISE ON ORGANIZATIONAL MATTERS. HASHIM POINTED OUT THAT AMF'S CHARTER IS VIRTUALLY WORD FOR WORD SAME AS IMF'S AND THAT ITS OPERATIONS WILL BE VERY MUCH ALONG SAME LINES AS IMF.

5. HASHIM SAID HE DID NOT EXPECT THAT AMF WOULD MAKE ITS FIRST LOAN UNTIL END OF 1978. BY THEN, HE HOPED HE WOULD HAVE FULLY OPERATING STAFF. HE SAID HE DID NOT WANT AMF TO BECOME ANOTHER CHARITY INSTITUTION, ALTHOUGH HE ACKNOWLEDGED THAT EGYPT WAS LIKELY TO RECEIVE THE FIRST LOAN AND BE THE MAJOR RECIPIENT OF THE AMF'S ATTENTION. ASIDE FROM RECRUITMENT, HIS MOST IMMEDIATE PROBLEM CONCERNED TAX LIABILITY ON INTEREST EARNED FROM AMF'S PLACEMENT OF ITS PAID UP CAPITAL (CURRENTLY \$225 MILLION BUT WHICH SHOULD RISE

TO NEARLY \$900 MILLION) IN US TREASURY BILLS. (SUBJECT OF SEPTTEL.)

6. HASHIM MENTIONED THAT HE HAD BEEN INVITED BY IMF MANAGING DIRECTOR WITTEVEEN TO COME TO WASHINGTON AND HE EXPECTED TO ARRIVE THERE FIVE DAYS BEFORE FUND/BANK MEETING. HE SAID THAT HE WOULD BE AN OBSERVER AT FUND/BANK MEETING AND TAKE OPPORTUNITY TO CONSULT WITH ALL MINISTERS OF FINANCE WHOSE COUNTRIES ARE MEMBERS OF AMF TO DISCUSS ORGANIZATION'S GOALS, METHOD OF OPERATIONS, AND ANTICIPATED TIMETABLE WHEN IT WOULD BECOME FUNCTIONING ORGANIZATION. HE ALSO HOPED THERE MIGHT BE OPPORTUNITY TO MEET WITH HIGH LEVEL US TREASURY OFFICIALS.

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PAGE 04 ABU DH 02111 190430Z

7. COMMENT: HASHIM PRESENT HIMSELF AS A PRAGMATIST, NOT ANTI-AMERICAN, WHO IS INTERESTED IN CREATING A SOUND INSTITUTION AND WHO IS VERY CONSCIOUS OF NEED TO ATTRACT FIRST RATE PERSONNEL. WITH BACKGROUND IN STATISTICS, HE IS CONSCIOUS OF ACUTE LACK OF USEFUL STATISTICAL DATA IN MANY ARAB COUNTRIES AND HOPES AMF WILL HELP CORRECT THIS. BELIEVE IT WOULD BE WELL WORTH- WHILE FOR TREASURY SECRETARY BLUMENTHAL TO MEET BRIEFLY WITH HASHIM BEFORE IMF/IBRD MEETINGS. IF SECRETARY'S SCHEDULE DOES NOT PERMIT, WOULD HOPE HIGH LEVEL MEMBER OF US DELEGATION TO IMF/IBRD MEETING WOULD MAKE A POINT OF CALLING ON HASHIM.
DICKMAN

NOTE BY OC/T: NOT PASSED BAGHDAD.

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Disposition Date: 22 May 2009
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